

how do we know that now they won't come in and they will say, okay, take your card and buy 200 shares of whatever stock at their company that they own? What is it, Shearson? So the bankers wanted to make sure that the cards were used for this limited purpose and that is what the amendments and the way it does that. Now, the bill also then clears up the definition of a seller for a revolving charge so that something other than the signature of both parties can be used as evidence that both parties are entering into the agreement. What are we talking about there? Normally in a revolving agreement you would have the buyer sign and the seller sign. Well, when you are using a card for one of these things, obviously the head of American Express isn't sitting there ready to sign the agreement with you. So this simply does the procedure that is done in most places which says when you use the card, that is evidence, other evidence that the other side signed or agreed to the agreement. Now I am trying to think here. Oh, Section 2 also provides that a seller may charge a fee for the card if the card offers services in addition to revolving charge. American Express does have these services like cooperation or participation in buyers' clubs or merchandise sales program, automatic flight insurance, check cashing services, these kind of things, this would allow them to have a fee for the card if they have these additional services. Section 3 just brings it into compliance with the federal Truth in Lending Act and it would satisfy those disclosure requirements. Okay, and Section 4 is significant. Let's not fool ourselves. It adjusts the interest rates. Current maximum revolving charge rates are 21 percent on the first 500 and 18 percent over 500. I see my friend Landis up there. That means some amendments coming. The bill would allow a maximum of 21 percent on any amount. Just make that a flat 1 3/4 percent per month. Now that doesn't mean they have to charge that. Obviously, they will have to be in the competitive field. They will have to do whatever the competition does but it would just have a flat amount. Reason, the cost of funds to merchants because merchants have to borrow from banks who in turn have to acquire their funds at a cost, it requires that they be able to charge up to this 21 percent. The break at \$500 as is now done is cumbersome and very difficult to administer. Section 4